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Australian Probe Links Nugan Hand to Illegalities

By a WALL STREET JOURNAL *Staff Reporter*

SYDNEY, Australia—An Australian government task force investigating the Nugan Hand Bank reported to Parliament what a cabinet minister called compelling evidence that Nugan Hand, a defunct world-wide financial organization, was engaged in widespread criminal activity, particularly involving narcotics and arms. The government said the task force investigation would be extended to the U.S.

The bank was the most prominent of many international finance entities operated by Frank Nugan, an Australian businessman, and Michael Hand, a Bronx, N.Y., born former Green Beret and U.S. Central Intelligence Agency operative who settled in Australia after the Vietnam War. The Nugan Hand empire collapsed in April 1980, three months after Mr. Nugan died, an apparent suicide. Mr. Hand is missing. Liquidations are in progress in Sydney, Hong Kong and the Cayman Islands.

The new Australian government report says there "are strong grounds to believe" that bank officers were involved with U.S. and Australian intelligence agencies, but not conclusive proof that the bank was connected to an intelligence operation.

The report also cited ties between the bank and Abe Saffron, a reputed gangster and operator of organized vice in Sydney.

In the U.S., it has been learned that an informal team composed of prosecutors from the Justice Department and the U.S. Attorney's offices in the District of Columbia and northern Virginia have been meeting weekly to discuss starting a grand jury investigation. So far a decision hasn't been reached, it is reported.

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